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France

Product Brief

French Market for Confectionery, Chocolate and Cocoa Products

2006

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Report Highlights:
Confectionery sales are valued at $1.4 billion with chocolate and cocoa product sales valued at $2.7 million. Three major producers dominate the confectionery market in France with over 70 percent market share. Seven major players comprise over 80 percent of total sales of chocolate and cocoa products. U.S. sales in both market segments are insignificant.

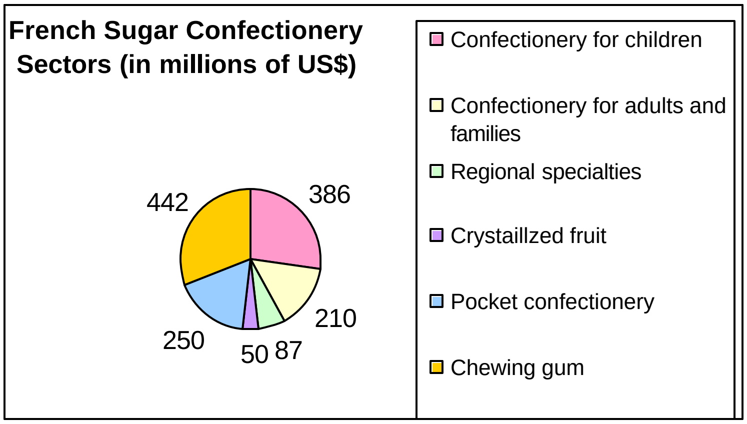
Growth opportunities exist for sugar-free, low carb and functional added-value products in both sectors and perhaps offer niche opportunities for U.S. producers.

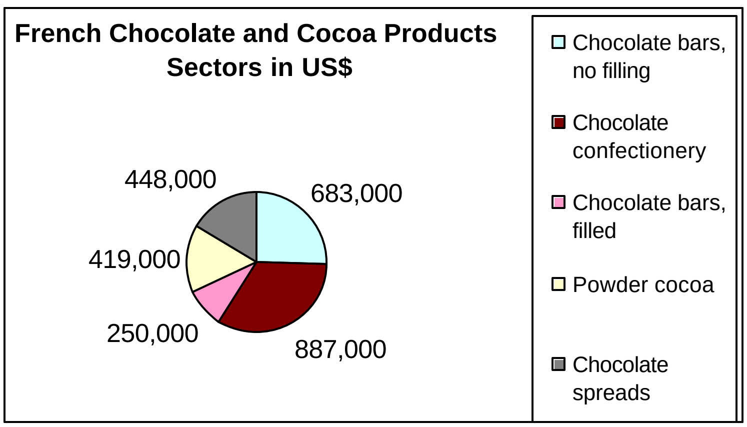
Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Paris [FR1]
[FR]

- Average exchange rate for calendar year 2005:
- USD 1 = 0.8038 Euros
- Source: Central European Bank

- SECTION I. MARKET OVERVIEW

The confectionery market in France is valued at $1.4 billion in 2005 with a volume of 230,600 tons, while the market for chocolate and cocoa products totaled $2.7 million with a volume of 439,000 tons last year. The three major players account for over 70 percent of total sales. Annual growth for both confectionery and chocolate and cocoa products was below one percent, and was mainly a result of launching new innovative products. Consumption remained stable over the past ten years at approximately 3.6 kg per capita yearly for confectionery and 1.4 kg per capita yearly for chocolate and cocoa products.





French Retail sector distribution channels:

Confectionery:
- 80 percent through supermarket chains (hyper/supermarkets and hard discounts)
- 20 percent through bakery stores, gas marts, kiosks and specialized retailers.

Chocolate and Cocoa products:
- 85 percent through supermarket chains (hyper/supermarkets and hard discounts)
- 15 percent through bakery stores, gas marts, kiosks and specialized retailers.

In 2005, French confectionery imports totaled 86,713 tons, valued at $312 million and originated primarily in Belgium, Germany and Spain. France imported 299,297 tons of chocolate and cocoa products in 2005 valued at $1.1 million. The top French suppliers were Germany, Belgium and Italy. Imports of confectionery, chocolate and cocoa products from the United States were insignificant.

France exported 55,353 tons of confectionery products in 2005 valued at $207 million with exports destined primarily to Germany, the United Kingdom, Belgium and Italy. The French exported 246,393 tons of chocolate and cocoa products in 2005 valued at $889 million. Major French clients were Germany, the United Kingdom and Belgium. French exports of confectionery, chocolate and cocoa products to the United States were insignificant.

SECTION II. MARKET SECTOR OPPORTUNITIES AND THREATS

Advantages and challenges for U.S. confectionery, chocolate and cocoa products

Advantages	Challenges
➢ Relative weakness of the U.S. dollar against the Euro should benefit U.S. products	➢ Price competition is fierce. Major actors are large European companies. U.S. exporters must comply with French and European regulations, especially for color additives
➢ U.S. has strong brand power and country image in France	➢ France imports new-to-market, innovative products not produced in France
➢ Young and adult generation looking for healthy and innovative products with attractive package designs	➢ U.S. suppliers must adapt products to the French consumers' expectations and tastes at moderate prices
➢ 80 percent of confectioney, chocolate and cocoa products are sold in supermarkets	➢ Price wars and strong pressure on suppliers, but, once established, a product sells in large quantities

1. Entry Strategy

U.S. suppliers need a local representative such as an importer or a distributor to succeed in France. Local representatives can provide up-to-date information on business practices, trade laws, sales leads, and marketing and distribution strategies. In many instances, local representatives also serve as importers and distributors. The Office of Agricultural Affairs in Paris maintains a list of potential importers and distributors. Depending on the product, U.S. exporters can penetrate the market through:

- A central buying office or
- A specialized importer/distributor

New-to-market and niche products usually enter through importers/distributors. The U.S. supplier should:

-- Submit product descriptions and price quotations to importers/distributors
-- Verify product ingredients and insure that they are authorized both by EU and French regulations
-- Determine sanitary/health certification and other import document requirements

(a) Selling to hypermarkets and supermarkets:

Distribution Chart

U.S. Exporter

Importer

Central Buying Offices

Regional Platforms

Shops

80 percent sales for sugar confectionery products
85 percent sales for chocolate and cocoa products

Once a product meets the import requirements, a Central Buying Office can include it in its product catalogue offering it to supermarket buyers who then order the product directly. Central buying offices register and approve suppliers as well as the products, apply tariffs and ensure that products comply with French regulations. These offices manage delivery of products according to store instructions. The importer is responsible for the delivery of products to the distribution centers. The trend is towards the development of a network of distribution centers.

(b) Selling to Bakery Stores, Specialized Retailers, Gas Marts, and Kiosks

20 percent of sales for confectionery products and 15 percent for chocolate and cocoa products occurs through these distribution networks. Bakery stores and specialized retailers receive supplies through wholesalers and importers specializing in these product categories. Gas station-marts and kiosks are mostly places for stop-gap purchases and are often affiliated with large distribution or gasoline-company distribution groups. Similar to supermarkets, they receive their supplies through central buying offices.

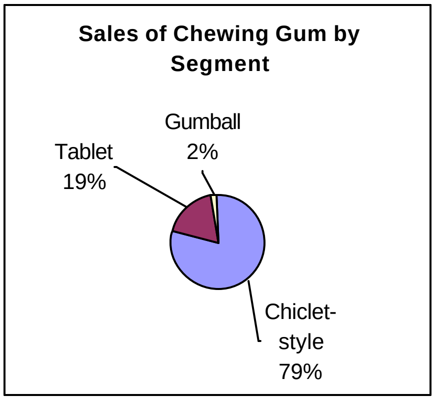
2. Market Structure and Sector Trends

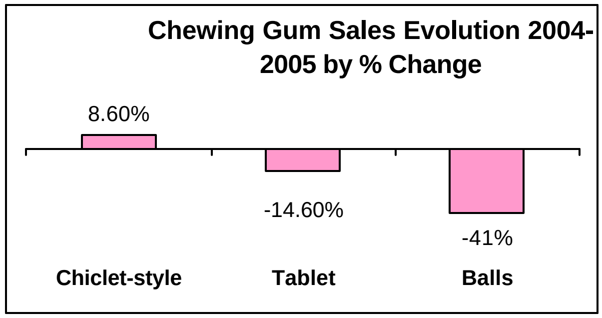
National brand products and/or products with strong recognition in the market have a natural preference for consumers. The bulk of French purchases of confectionery, chocolate and cocoa products occurs in supermarkets and 54 percent of French consumers share their purchases for festive or gift purposes. Chocolates sell well during certain seasons such as Valentines Day, Easter, and Christmas.

The strongest selling products in the confectionery sector are chewing gum ($442 million), confectionery for children ($386 million) and pocket confectionery ($250 million). Sugar free confectionery items are increasingly popular due to growing concerns about obesity and its health impact.

Top-selling chocolate and cocoa products include chocolate candies/confectionery ($887,000), and tablets ($683,000).

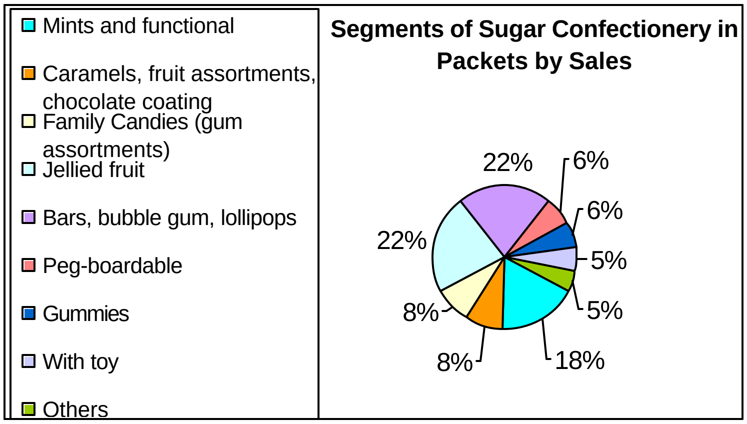
Segments of Chewing-Gum: Sales and Evolution 2005-2004

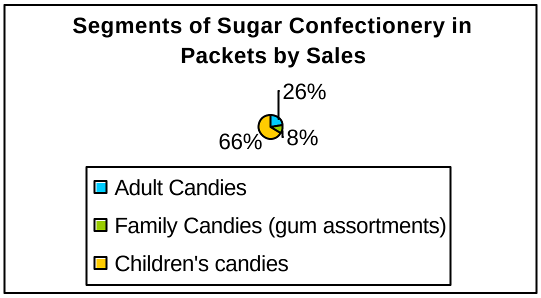


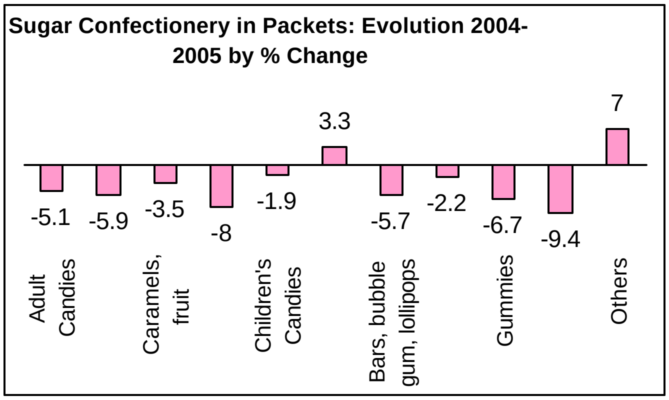


Source: Lineaires magazine

Segments of Sugar Confectionery in Packets: Sales and Evolution 2005/2004

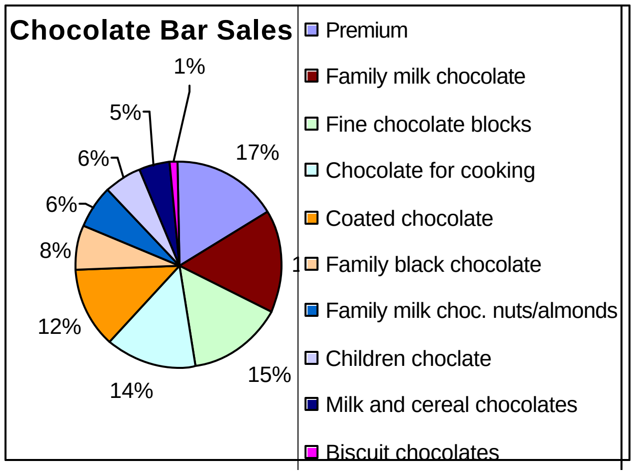


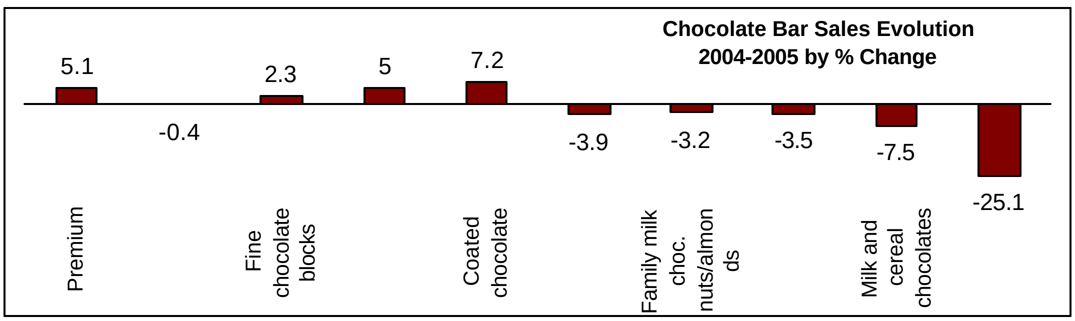




Source: Lineaires Magazine

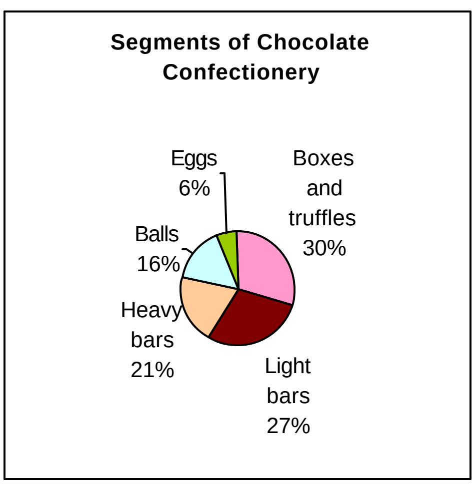
Segments of Chocolate Bars: Sales and Evolution 2005/2004

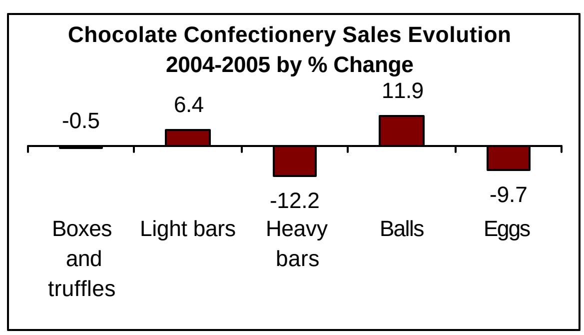




Source: Retailers Panel - Manufacturers Origin

Segments of Chocolate Confectionery: Sales and Evolution 2005/2004





Source: Retailers Panel - Manufacturers Origin -

3. Competition and Opportunities

Sales of imported sugar confectionery products are showing consistent growth as a result of brand recognition and vigorous promotional activities. In 2005, the three major players/groups in France in this sector were: Cadbury, Solines and Wrigley, totaling 71 percent of total French confectionery sales. For chocolate and cocoa products, the leading players/groups are Cadbury, Cemoi, Ferrero, Kraft Foods, Lindt, Masterfoods and Nestle, representing 85 percent of total French sales. As imported brands penetrate the market, the shares of local players are shrinking and, as a result, competition is increasing. Nevertheless, little change is expected in the major players in the foreseeable future. In the chocolate and cocoa products sector, there are 50 small to medium-size companies, including Jacquot, Revillon, Excella and Valrhona, and many active craft enterprises.

As a result of slightly declining birth rates, an increase in the working population and growth in the "senior" population, the long-term trend for the confectionery and chocolate sectors is toward increasingly sophisticated products with product development and marketing to target the emerging consumer groups, such as working females, parents and those over 60.

Sugar-free, low carbs and functional added-value products

Sugar-free, low carb and functional products are expected to account for an increasing proportion of new confectionery and chocolate products. Items conforming to the French "well-being" trend are supplanting traditional sugar-based confectionery goods. Consumers are anxious to maintain fit and healthy habits. The success of sugar-free products with health-enhancing ingredients reflects this prevailing consumption trend in France.

3. Company Profiles

Sugar Confectionery Major Players in France

Company	Amount of Sales in 2005 (millions of dollars)	Percentage Market Share	Major Brands	Purchasing Channels
Cadbury France (Group Cadbury Schweppes)	491	37	Hollywood, Stimorol, Pie qui Chante, Kiss Cool, La Vosgienne, Lajaunie, Krema, Malabar, Carambar, Vichy,	Manufacturer
Solinest	249	19	Mentos, Ricola, Fisherman's friend, Werther's Original, Campino, Smint, Meller, Mentos, Frisk, Fruitella, Topps, Victors, Verquin, Chupa Chups, Look O Look, Pez,	Distributor direct and other importers
Wrigley France	211	16	Freedent, Airwaves, Eclipse, Hubba Bubba, Spearmint, Doublemint, Altoids, Juicy Fruit	Manufacturer & distributor
Haribo	N/A	17	Haribo	Manufacturer
Lamy Lutti	149	11	Lamy Lutti	Manufacturer

Chocolate and Cocoa Products: Major Players in France

Company	**Amount of Sales in 2005 (millions of dollars)**	**Major Brands**	**Purchasing Channels**
Cadbury France	63	Poulain	Manufacturer
Cemoi Group	398	Quadro, Cemoi, Festy, and 1848 and Poulain (only for Easter and Christmas).	Manufacturer
Ferrero	1,020	Nutella, Kinder, Ferrero Rocher, Mon Cheri, Tic Tac, Raffaello, Dublo	Manufacturer
Kraft Foods	N/A	Suchard, Milka, Toblerone, Daim, Cote d'Or	Manufacturer
Lindt	383	Lindt	Manufacturer
Masterfoods	303	Mars, M&Ms, Twix, Bounty, Snickers, Maltesers, Balisto	Manufacturer
Nestle	N/A	Nestle, Kit Kat, Crunch	Manufacturer

N/A: Not available - data not released

SECTION III. COSTS & MARKET ACCESS

The tariff rate for imported confectionery, chocolate and cocoa products varies depending on the type and percentage of sugar and/or chocolate contained in the product. A fixed duty of between 6.2 and 9 percent, ad valorem, is applied, plus a variable levy calculated as a percentage of sugar, milk fat, milk protein, or chocolate in the product. The reduced value-added tax (VAT) rate of 5.5 percent is imposed on all confectionery and chocolate products. However, certain chocolate products can be subject to the regular TVA tax rate of 19.6 percent (usually milk chocolates). Importers, freight forwarders and French Customs can determine the amount of duties. Their contact information is contained in Section IV of this report.

Food Standards and Regulations

Final import approval of any product is always subject to the standards and regulations as interpreted by the French official at the time of product entry. U.S. exporters should ensure that all necessary customs clearance requirements have been verified with local authorities, through a French importer, before the sale conditions are finalized.

France applies EU regulations for sugar confectionary, chocolate and cocoa products with some additional restrictive lists for food additives and color agents. The General Direction for Consumption, Competition and Frauds (DGCCRF) is responsible for enforcing these regulations. Again, an importer can assist you or you may contact DGCCRF directly as indicated in Section IV of this report.

Basic Labeling / Packaging Requirements

Labels should be written in French and include the following information:

- Product definition
- Shelf life: Indicate "used by", and "best before" dates and other storage requirements
- Precautionary information or usage instructions, if applicable
- Statement of contents: ingredients, weights, volumes, etc., in metric units. All additives, preservatives and color agents must be noted on the label with its specific group name or "E" number
- Product's country of origin and name of importer or vendor within the EU
- Manufacturer's lot or batch number

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

International Trade Shows in France:

SALON INTERNATIONAL DE L'ALIMENTATION (SIAL)
International Food and Beverage Trade Show
October 22-26, 2006
Parc des Expositions - Paris-Nord Villepinte
Organizer: Imex Management
Tel: (704) 365 0041
Fax: (704) 365 8426
Email: exposium@imexmgt.com
Internet: www.sial.fr

SIRHA
International Hotel Catering and Food Trade Exhibition
January 20-24, 2007
Eurexpo, Lyon - France
Organizer: Sepelcom
Tel: (33 4) 72 22 32 68
Fax: (33 4) 72 22 32 18
Email: mjk@sepelcom.com
Internet: www.sirha.com

SALON NATIONAL DE LA BOULANGERIE, PATISSERIE, CHOCOLATERIE - INTERSUC -
International Chocolate, Sugar and Bakery Trade Show
February 11-14, 2007
Paris, Porte de Versailles
Organizer: Exposium
Tel: (33 1) 49 68 52 26
Fax: (33 1) 49 68 56 30
Email: jalquier@exposium.fr
Internet: www.salonboulangerie.com

IN-FOOD 2007
100% Intermediary Food Ingredients
March 13-14, 2007
CNIT - Paris la Défense
Organizer: Exposium
Tel: (33 1) 49 68 51 44
Fax: (33 1) 49 68 56 31
Email: cbenhammou@exposium.fr
Internet: www.in-food.fr

WORLD FOOD MARKET
International Ethnic & Specialty Foods
May 16-17, 2007
Paris - Porte de Versailles
Organizer: Ithaca France
Tel: (33 1) 45 23 81 11
Fax: (33 1) 45 23 81 20
Email: info@ethnicfoodshow.com
Internet: www.ethnicfoodshow.com

French Government Agencies:

For information on duties, taxes, and documentation:

Centre de Renseignements Douaniers
84, rue d'Hauteville
75010 Paris
Tel: (33 1) 825 30 82 63
Fax: (33 1) 53 24 68 30
Email: crd-iule-de-france@douane.finances.gouv.fr
Internet: http://www.douane-minefi.gouv.fr

Agency responsible for French label/product ingredient regulations:

Direction Générale de la Concurrence, de la Consommation
et de la Répression des Fraudes (DGCCRF)
Ministére de l'Economie, des Finances et de l'Industrie
59, boulevard Vincent Auriol
75703 Paris Cedex 13
Tel: (33 1) 44 87 17 17
Fax: (33 1) 44 97 30 31
Internet: http://www.finance.gouv.fr

Agency responsible for promotion and control of food quality:

Direction Générale de l'Alimentation (DGAL)
Ministére de l'Agriculture et de la Peche
251, rue de Vaugirard - 75015 Paris
Tel: (33 1) 49 55 49 55
Fax: (33 1) 49 55 48 50
Internet: http://www.agriculture.gouv.fr

Information Regarding Activities by Strategic Trade Regional Groups, please contact:

FOOD EXPORT USA - NORTHEAST
150 S. Independence Mall West
Philadelphia, PA 19106-3410
Tel: (215) 829 9111/Fax: (215) 829 9777
E-Mail: info@foodexportusa.org
Web: http://www.foodexportusa.org
Contact: Tim Hamilton, Executive Director or Daleen D. Richmond, Deputy Director

MID-AMERICA INTERNATIONAL AGRI-TRADE COUNCIL (MIATCO)
309 W Washington Street, Suite 600
Chicago, Illinois 60606
Tel: (312) 334 9200/Fax: (312) 334 9230
E-Mail: info@miatco.org
Web: http://www.miatco.org
Contact: Tim Hamilton, Executive Director/Daleen D. Richmond, Deputy Director

SOUTHERN U.S. TRADE ASSOCIATION (SUSTA)
World Trade Center
2 Canal Street, Suite 2515
New Orleans, LA 70130-1408
Tel: (504) 568-5986/Fax: (504) 568-6010
E-Mail: Susta@Susta.Org
Web: http://www.susta.org
Contact: Jerry Hingle, Executive Director

WESTERN U.S. AGRICULTURAL TRADE ASSOCIATION (WUSATA)
4601 NE 77th Avenue, Suite 200
Vancouver, WA 98662
Tel: (360) 693 3373/Fax: (360) 693 3464
E-Mail: export@wusata.org
Contact: Andy Anderson, Executive Director

Key FAS/USDA Contacts and Further Information:

Office of Agricultural Affairs (OAA)
American Embassy
2, avenue Gabriel - 75382 Paris Cedex 08
Tel: (33-1) 43 12 2264
Fax: (33-1) 43 12 2662
Email: agparis@usda.gov
homepage: http://www.amb-usa.fr/fas/fas.htm

For more information on exporting U.S. food products to France, visit our homepage listed above. The OAA homepage includes information on the Hotel Restaurant Industry and Retail food sector, Food and Agricultural Import Regulations and Standards, product briefs on the market potential for U.S. products, upcoming promotional trade shows and fairs in France. Importer lists are available from our office to exporters of U.S. food products.

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page: http://www.fas.usda.gov